

TARANAKI BUSINESS SURVEY RESULTS

June 2024

TARANAKI BUSINESS SURVEY

Te Puna Umanga Venture Taranaki, the Regional Development Agency, has undertaken a six-monthly Business Survey since 1999. The results provide a useful overview of economic and business conditions in our region, for use in business planning and decision making.

The survey has a number of standard economic questions which enables us to compare year-on-year the business confidence and outlook for our region. We also ask special topic questions, specific to issues relevant to the business community. The special topics for this survey were the *views on Government's 2024 budget*, the *perceptions of Aotearoa New Zealand* and *dynamics of talent and workforce flow*.

This survey opened on Friday 31 May 2024 and closed on Wednesday 19 June 2024.

Questionnaires are sent to enterprises across various industry sectors via email and social media. There were 106 respondents, with a completion rate of 78%. This survey is open to enterprise owners and managers only. A breakdown of the respondent profiles is included on pages 36-40.

If you have any questions regarding this survey, please contact Venture Taranaki - info@venture.org.nz.

If you would like to join the business survey list, please [click here](#).

KEY FINDINGS

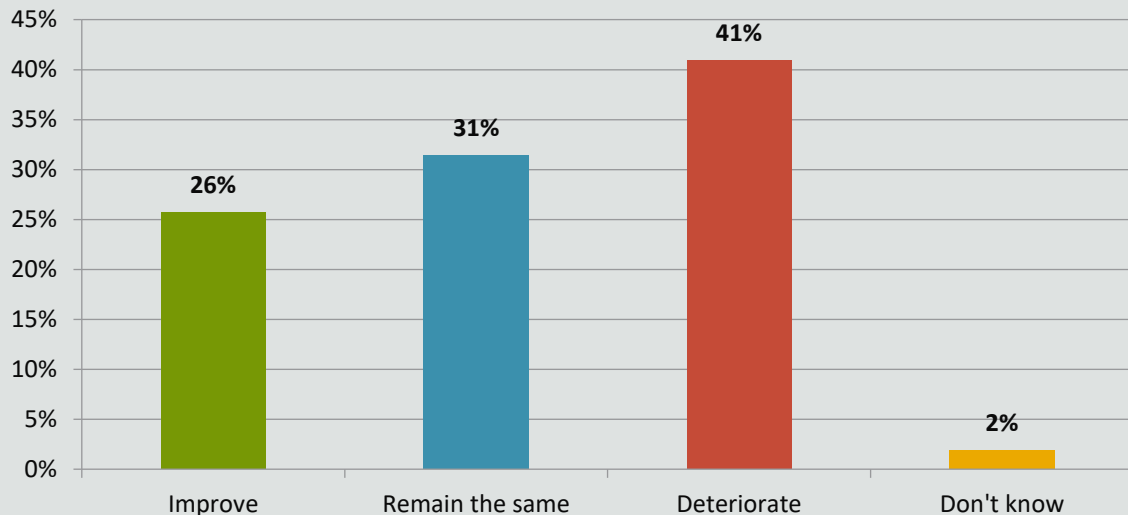
- Overall, Taranaki businesses expressed a significant downturn in outlook for economic conditions in New Zealand, their own industry and Taranaki over the next 12 months in comparison to the November 2023 survey.
- Anticipation of a deterioration in New Zealand business conditions increased from 25% to 41% in June 2024.
- Respondents reported a similar outlook for their own industry sector and the general Taranaki business situation, with 37% expecting conditions to deteriorate, a significant increase compared to November 2023.
- Wage rates/staff costs are back on top as the biggest concern. This is followed by interest rates and price of electricity.
- Overall most respondents expect that the Government's 2024 Budget will weaken or have no impact on their own business, the Taranaki economy and the New Zealand economy. However impact on the New Zealand economy garnered the most evenly split opinions; 31% believe it will stimulate it, 31% see no impact, and 37% believe it will weaken it.
- Respondents gave the Government's 2024 Budget an average rating of three (out of five) in terms of business friendliness, this is the highest rating recorded since 2014.
- Respondents indicated that the top three key words to describe Aotearoa New Zealand are 'trusted/honest', 'creative' and 'care for people', reflecting that Aotearoa New Zealand is a reliable and ethical place for business.
- The Taranaki labour market shows resilience despite the softening of national employment conditions, however skill shortages still persist.

ECONOMIC CONDITIONS



BUSINESS CONFIDENCE: NEW ZEALAND

Question 1: In the next 12 months, do you expect the general business situation in **New Zealand** to:



Findings

Results show a significant negative shift in expectations for the general business situation in New Zealand over the next 12 months.

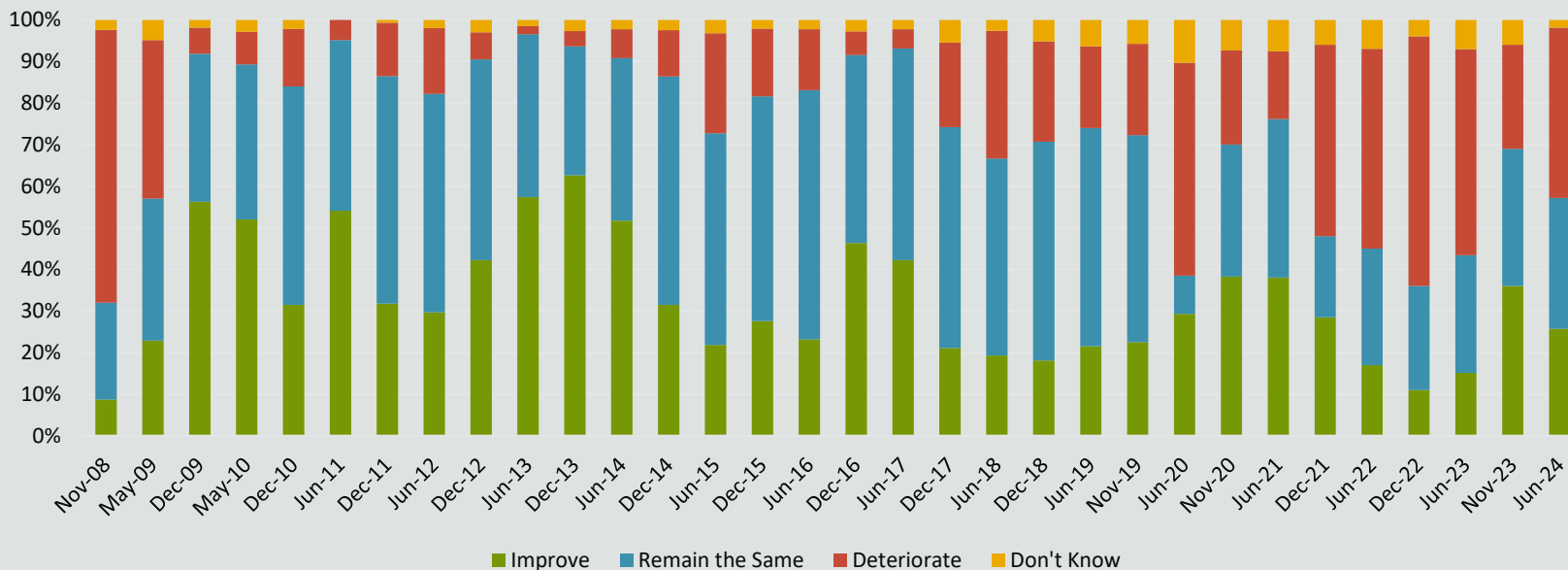
26% of respondents expected an improvement, down from 36% in the November 2023 survey.

41% of respondents anticipate the general business situation in New Zealand to deteriorate, which is a significant increase from 25% in November 2023 survey.

31% of the respondents expected the situation stays the same.

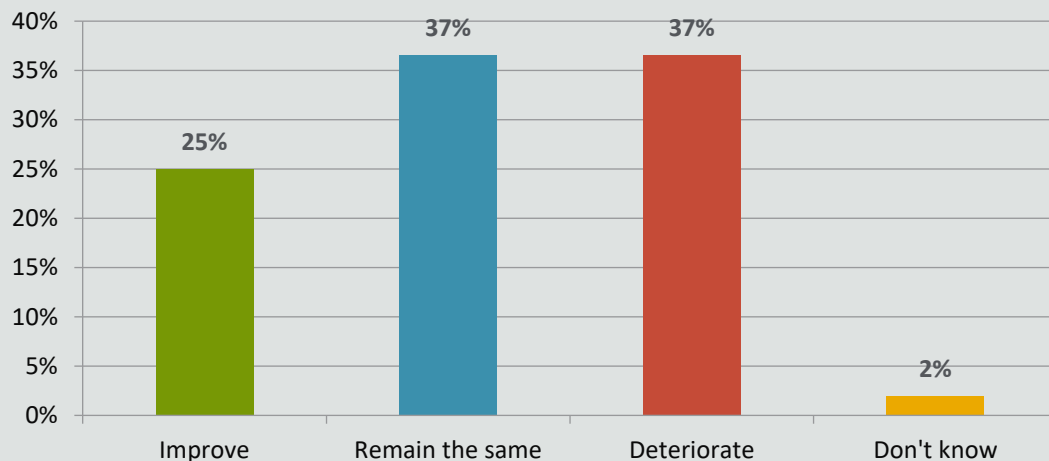
BUSINESS CONFIDENCE: NEW ZEALAND YEAR ON YEAR SUMMARY

In the next 12 months, do you expect the general business situation in **New Zealand** to:



INDUSTRY OUTLOOK

Question 2: In the next 12 months, do you expect business conditions in your **industry sector** in New Zealand to:



Findings

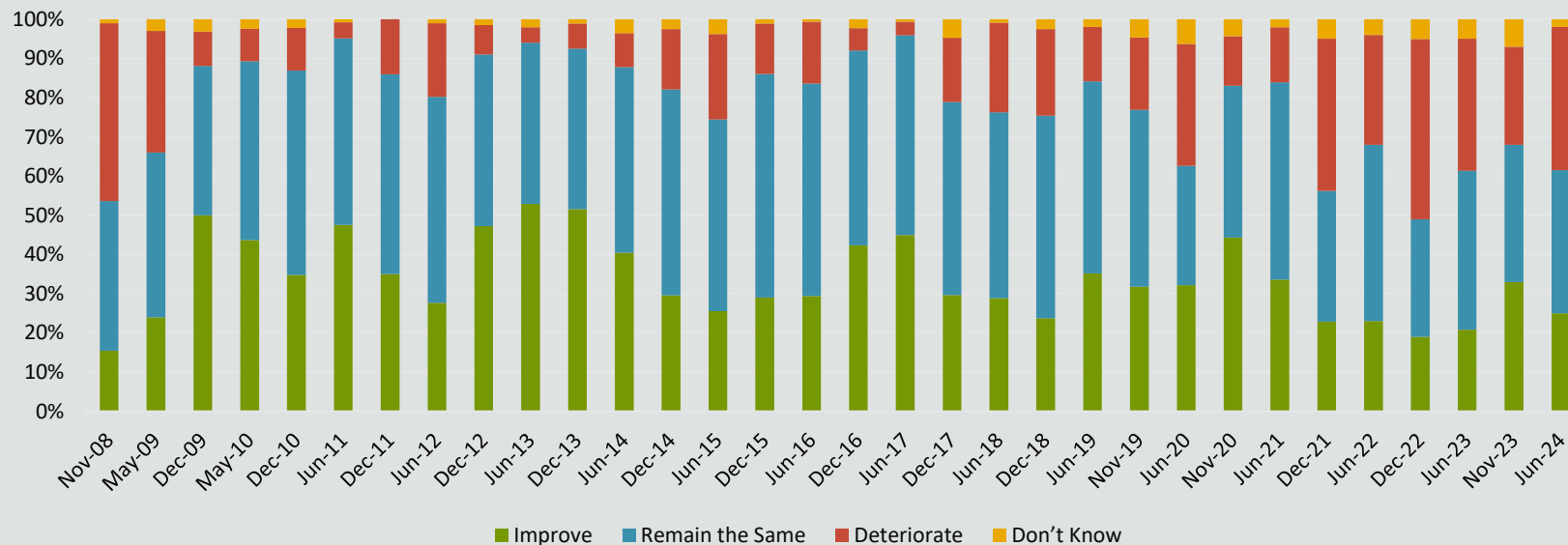
25% of respondents anticipate an improvement in business conditions within their industry sector, down from 33% in November 2023.

37% of respondents expect their industry business conditions to remain the same.

37% of respondents anticipate a deterioration in business conditions within their industry, an increase from 25% in November 2023.

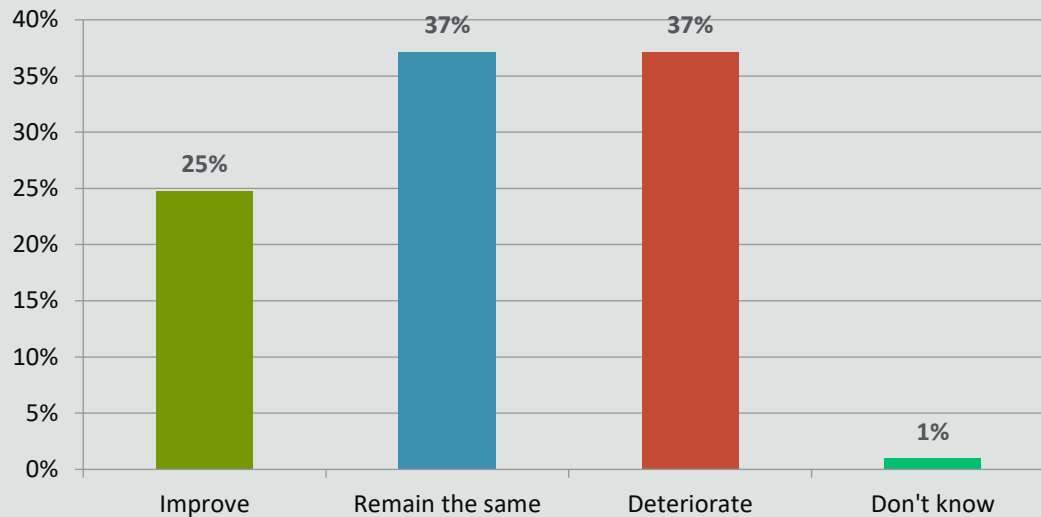
INDUSTRY OUTLOOK: YEAR ON YEAR SUMMARY

In the next 12 months, do you expect business conditions in your **industry sector** in New Zealand to:



BUSINESS CONFIDENCE: TARANAKI

Question 3: In the next 12 months, do you expect the general business situation in **Taranaki** to:



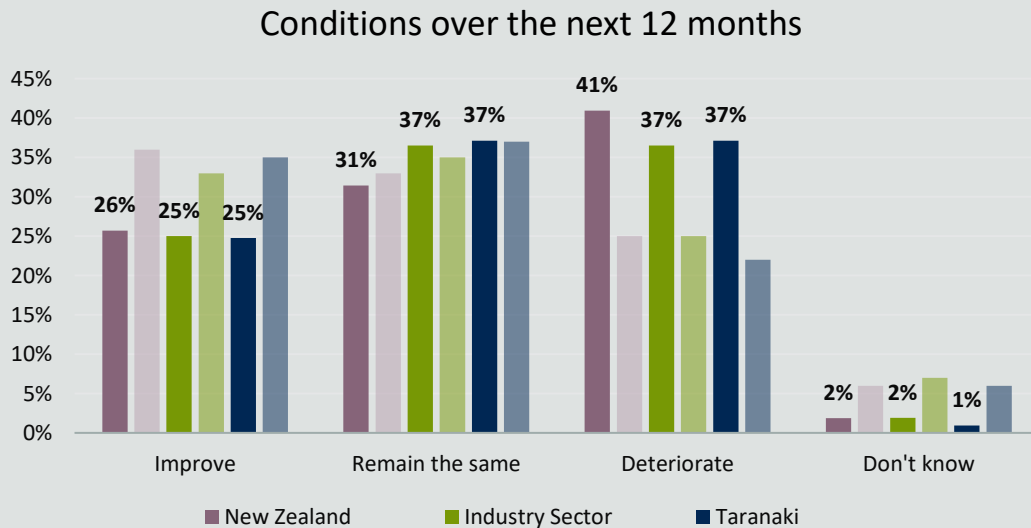
Findings

25% of respondents expect the general business situation in Taranaki to improve – this is a decrease from 35% in November 2023.

37% of respondents expect the general business situation in Taranaki to remain the same.

37% of respondents anticipate the general business situation in Taranaki to deteriorate – this is a significant increase from 22% in November 2023.

NZ VS. INDUSTRY VS. TARANAKI



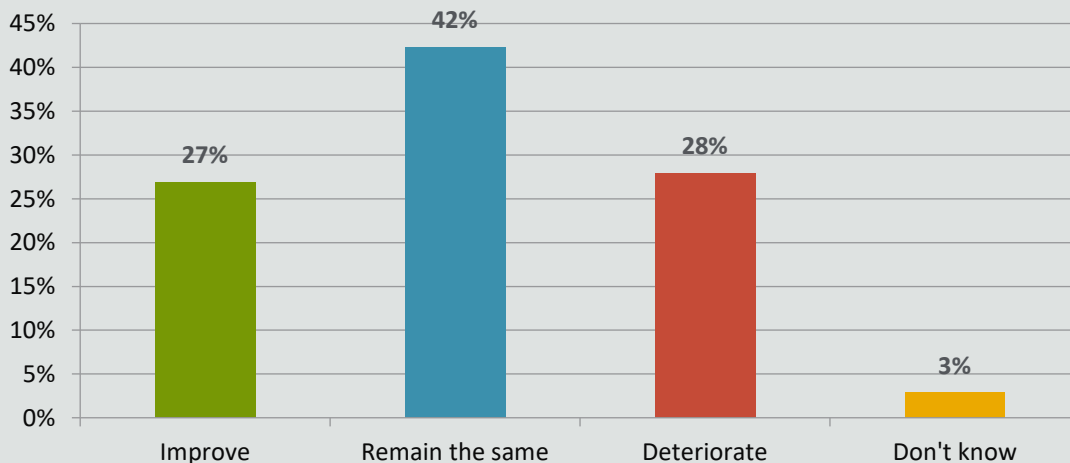
Findings

Overall respondents expressed a significant downturn outlook and concerns for economic conditions in New Zealand, their own industry and Taranaki over the next 12 months, compared to the November 2023 survey (see light colour for November result).

There is a noticeable decrease in those anticipating an improvement and a significant increase in the expectation of deterioration for New Zealand, their own industry, and conditions in Taranaki.

SALES FORECAST

Question 4: In the next 6 months, do you expect your company sales/customer levels/bookings to:



Findings

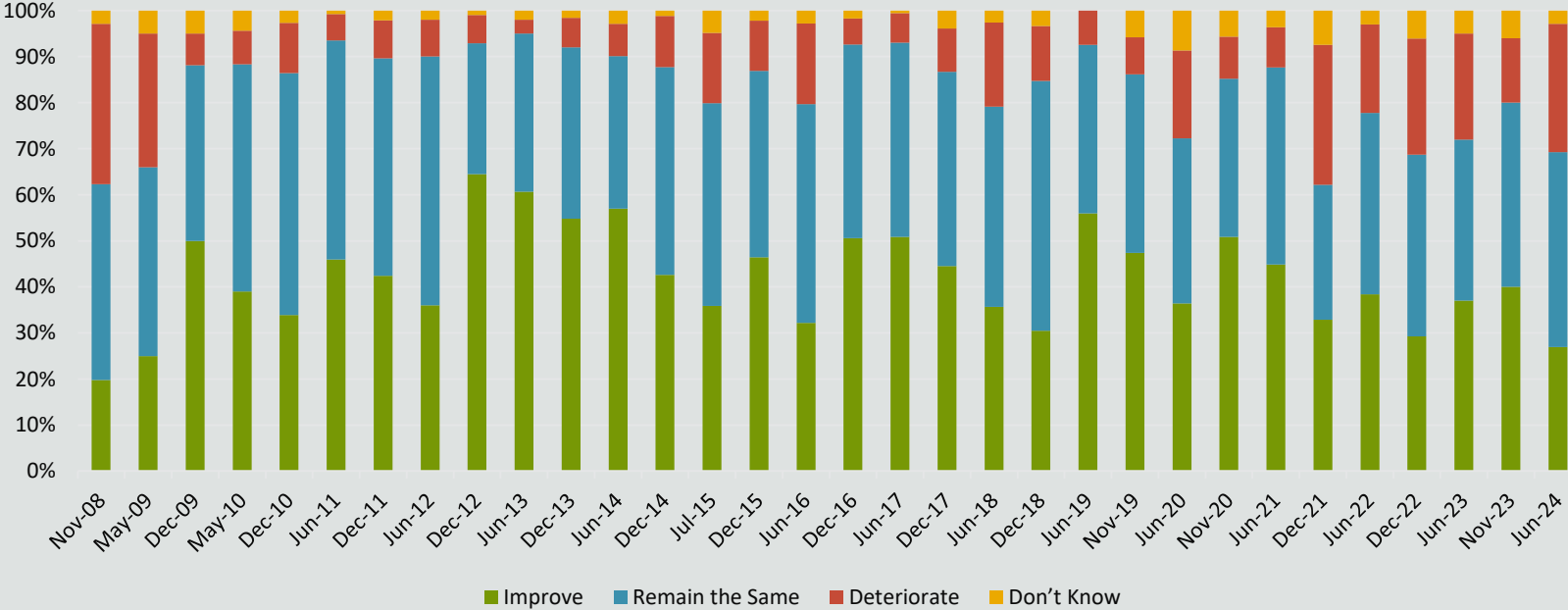
27% of respondents expect their sales levels to improve over the next 6 months, a decrease from 40% in November 2023.

28% of respondents anticipate sales to deteriorate, a significant increase from 14% in November 2023.

42% of respondents expect no change.

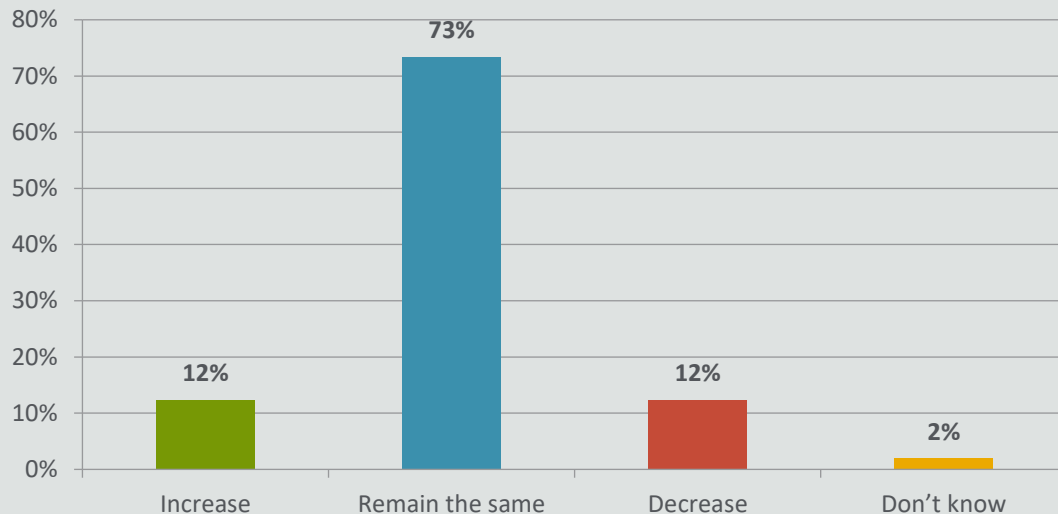
SALES FORECAST: YEAR ON YEAR SUMMARY

In the next 6 months, do you expect your company sales/customer levels/bookings to:



EMPLOYEE NUMBERS

Question 5: In the next 6 months, do you expect employee numbers in your business to:



Findings

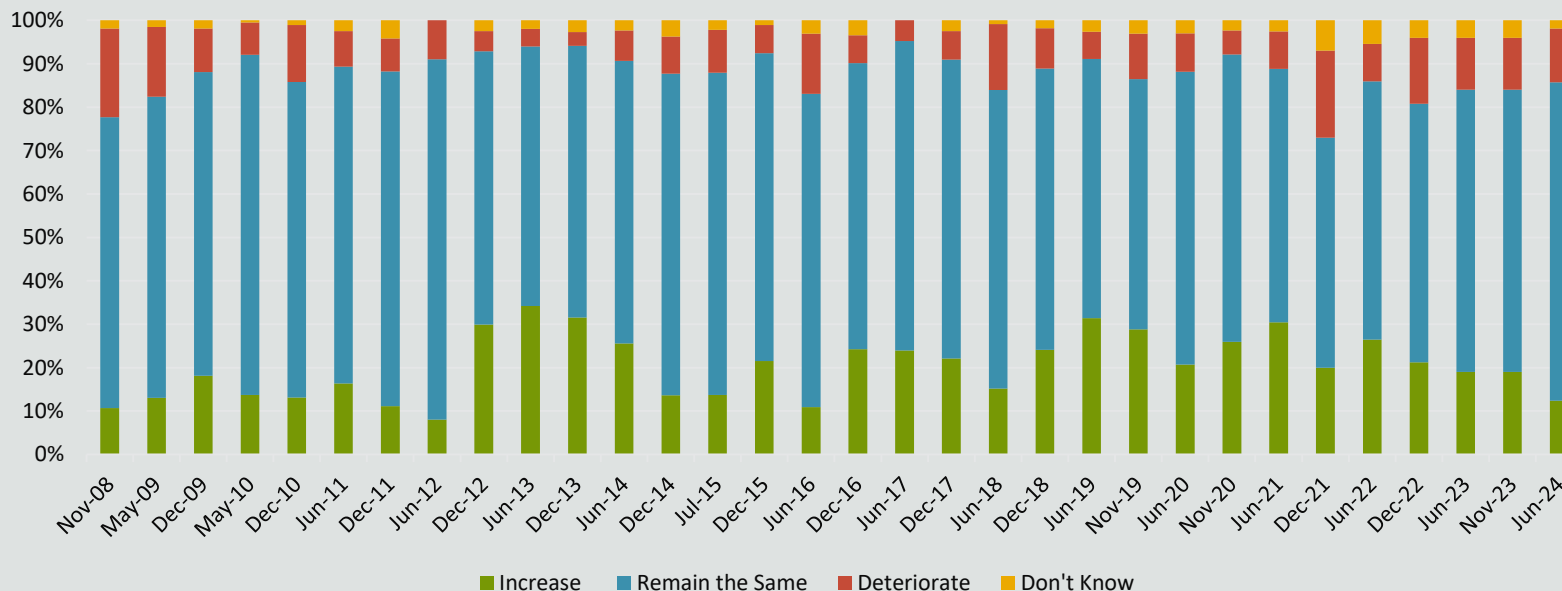
The majority of respondents (73%) expect their employee numbers to remain unchanged over the next 6 months.

12% of respondents anticipate an increase in their employee numbers.

12% of respondents anticipate employee numbers to decrease.

EMPLOYEE NUMBERS: YEAR ON YEAR SUMMARY

In the next 6 months, do you expect employee numbers in your business to:

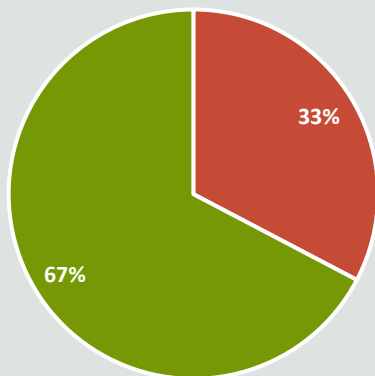


WORKFORCE NEEDS



RECRUITMENT

Question 6: Are you experiencing any significant skill shortages and/or difficulties recruiting appropriate staff?



■ Yes ■ No



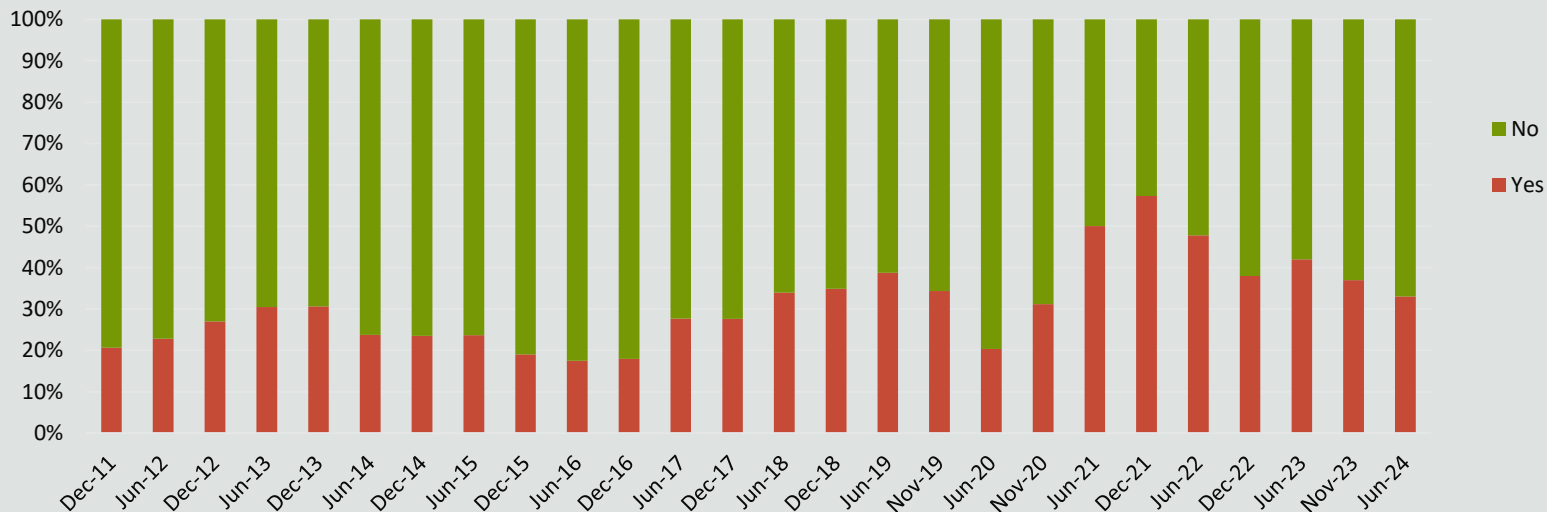
Findings

Results indicate that 33% of respondents who were presently recruiting were experiencing challenges due to skill shortages or difficulties recruiting appropriate staff. This is a slight decrease compared to November 2023.

Respondents who were not currently recruiting were invited to skip this question.

RECRUITMENT: YEAR ON YEAR SUMMARY

Are you experiencing any significant skill shortages and/or difficulties recruiting appropriate staff?



SKILLS SHORTAGE COMMENTS

General Issues:

Continuous struggle to find experienced, skilled, and talented candidates who are willing to relocate.

Hard to find entry and mid-level professionals in provincial areas.

Significant time and cost involved in training staff.

Applicants often unwilling to work weekends or holidays.

Agriculture

- Not enough experts available to maintain orchards in the region.
- Recruiting more from overseas is necessary.
- Skilled individuals are in short, especially for high horse-powered machinery operations.

Hospitality and Retail

- Experienced hospitality staff, including chefs and talented workers are hard to find.
- High turnover in retail, but difficult to find people passionate about customer service as a long-term career.

Engineers and Mechanics

- Lack of suitable, qualified people.
- Difficulty attracting skilled staff.

Healthcare

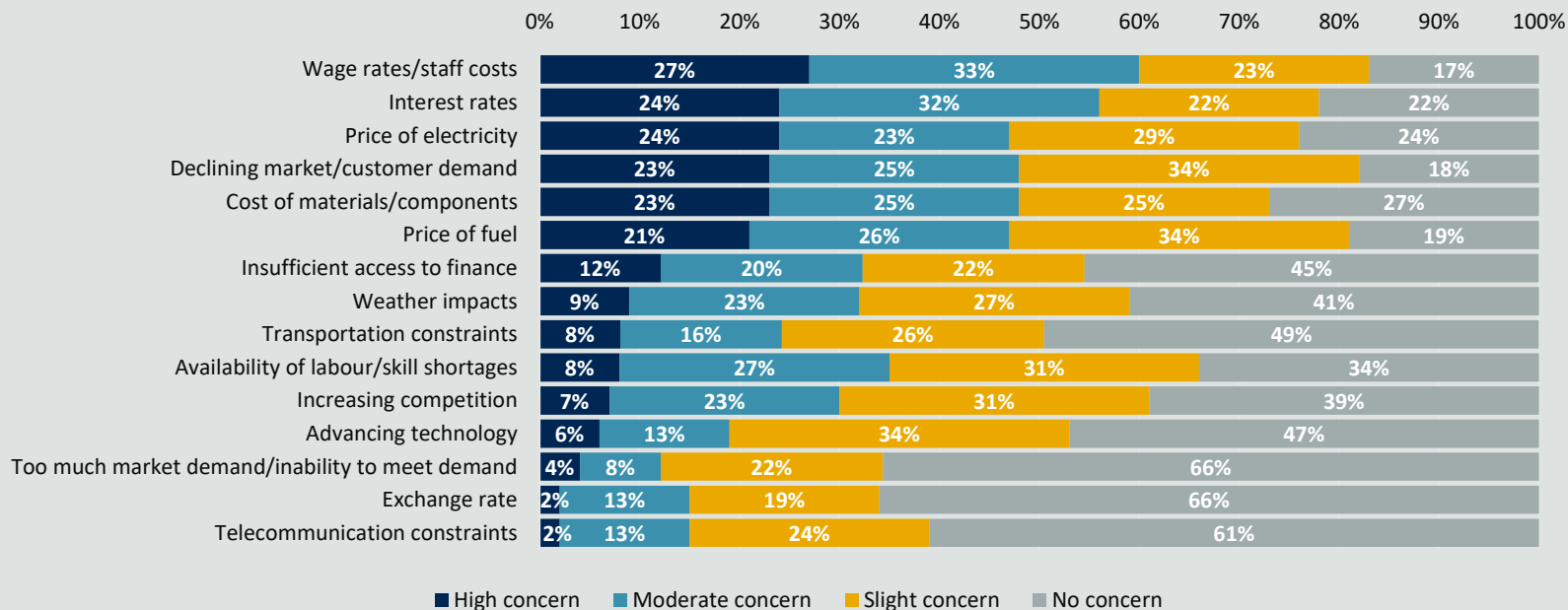
- Difficult to find qualified pharmacists, pharmacy technicians, physiotherapists, and osteopaths.

BUSINESS CONCERNS

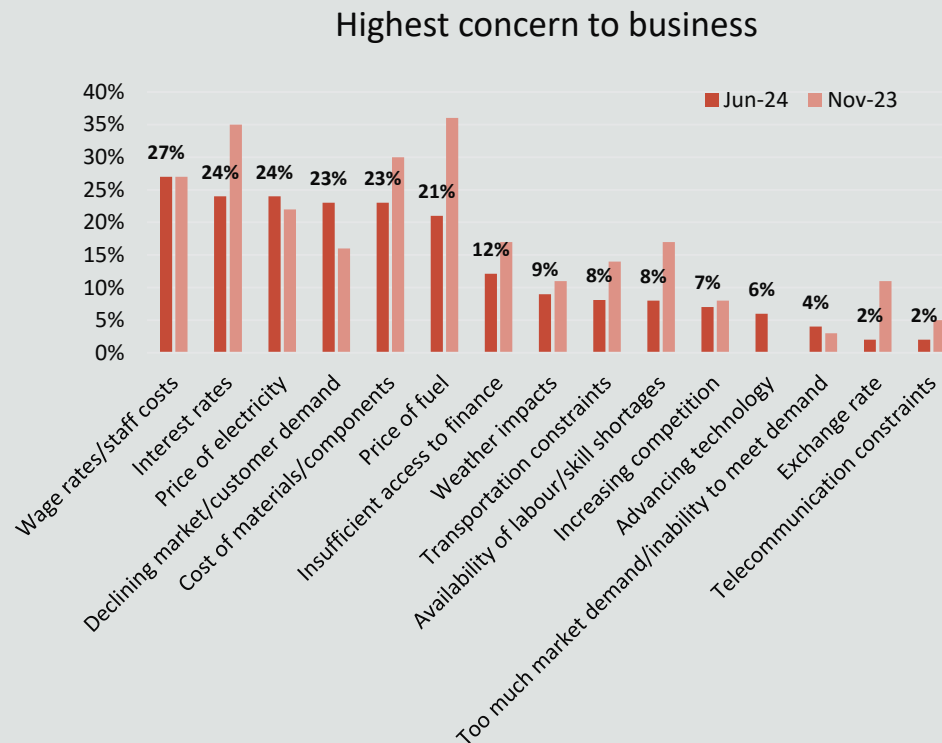


TARANAKI BUSINESS CONCERNS

Question 7: Please indicate the extent that the following issues are of concern to you and/or are impacting on your business:



TARANAKI BUSINESS CONCERNS: HALF-YEARLY COMPARISON



Findings

There has been a shift in the top three concerns compared to November 2023, as wages rates/staff costs is now the top concern for Taranaki businesses.

This is followed by interest rates and price of electricity.

Price of fuel and cost of materials/components have seen a noticeable drop.

A noteworthy observation is that the percentage of other concerns from businesses is quite close, indicating that these issues all impact businesses at various levels.

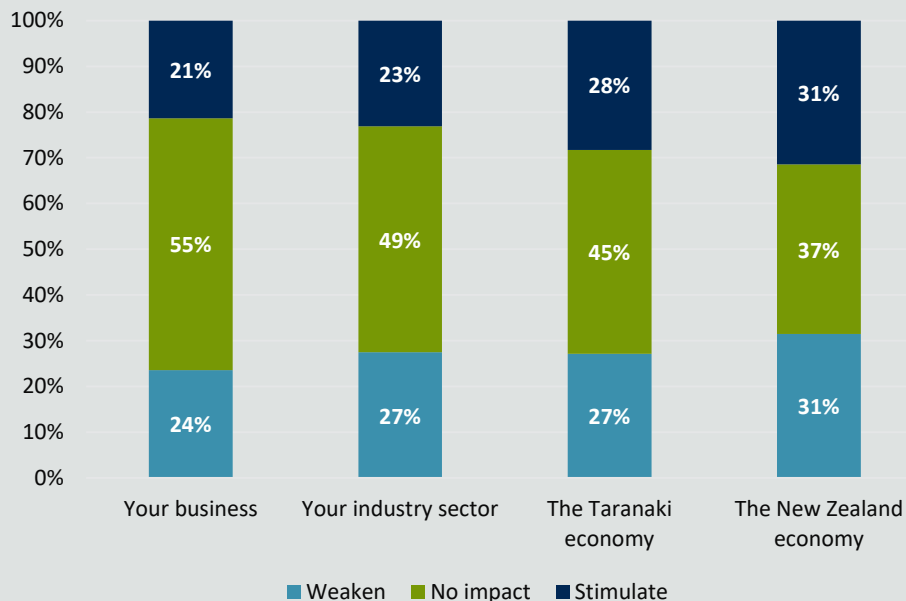
Note: Advancing technology has been added to this survey, and respondents indicate slight concerns.

BUDGET 2024



IMPACT OF BUDGET 2024

Question 8: What impact do you think the 2024 budget will have on...



Findings

Respondents were evenly split when asked how they think the Government's 2024 Budget will impact the New Zealand economy; 31% believe it will stimulate it, 37% see no impact, and 31% think it will be weakened.

Impact on the Taranaki economy saw 28% expecting stimulation vs. 27% expecting weakening.

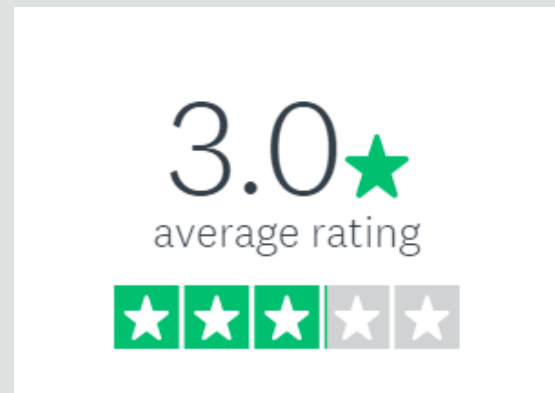
Respondents showed more optimism toward their own business and industry sectors, with 55% and 49% respectively perceiving no impact on their operations. And just 24% expecting the 2024 Budget to weaken their own business conditions.

BUDGET 2024 RATING

Question 9:

How would you rate the 2024 Budget overall in terms of "business friendliness"? (rating out of five)

Budget Ranking (out of 5), 2011-2024



BUDGET 2024 POSITIVE COMMENTS

Tax Cuts and Economic Stimulus

- Sensible policies trying to stimulate business
- Tax cuts and adjustments to income tax thresholds are welcomed for middle-income earners, aiming to boost household spending

Infrastructure Investment

- Long-term investment in infrastructure, such as the rail network, aims to support regional transportation needs.

Social Spending and Services

- Increase of spending in health, education, police
- Family and childcare support (ECE) initiatives aim to ease financial burdens on households

BUDGET 2024 NEGATIVE COMMENTS

Spending on Priorities

- Reduced spending on government construction projects due to past overspending and failure to keep key promises
- Concerns over lack of funding for cancer drugs and treatments

Taxation

- Reactions to tax cuts do not provide significant relief for middle-income earners.
- Tax breaks for landlords and deductibility on rentals

Social Spending and Services

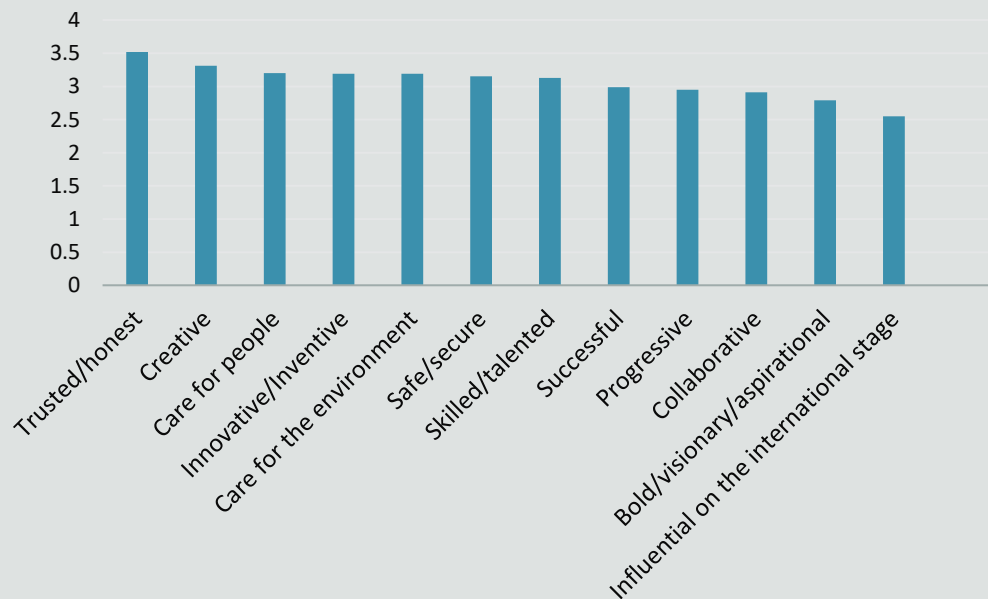
- Cuts in funding for Māori initiatives and climate change programs
- Cuts to school lunch programs and perceived inadequate support for healthcare sectors like GPs and mental health services
- Concerns about the impact of funding reductions on rest home nurses and the withdrawal of first home grants.

PERCEPTIONS OF AOTEAROA NEW ZEALAND



PERCEPTIONS OF AOTEAROA NEW ZEALAND

Question 12: Rate to believe these words reflect/describe Aotearoa New Zealand as a place for business



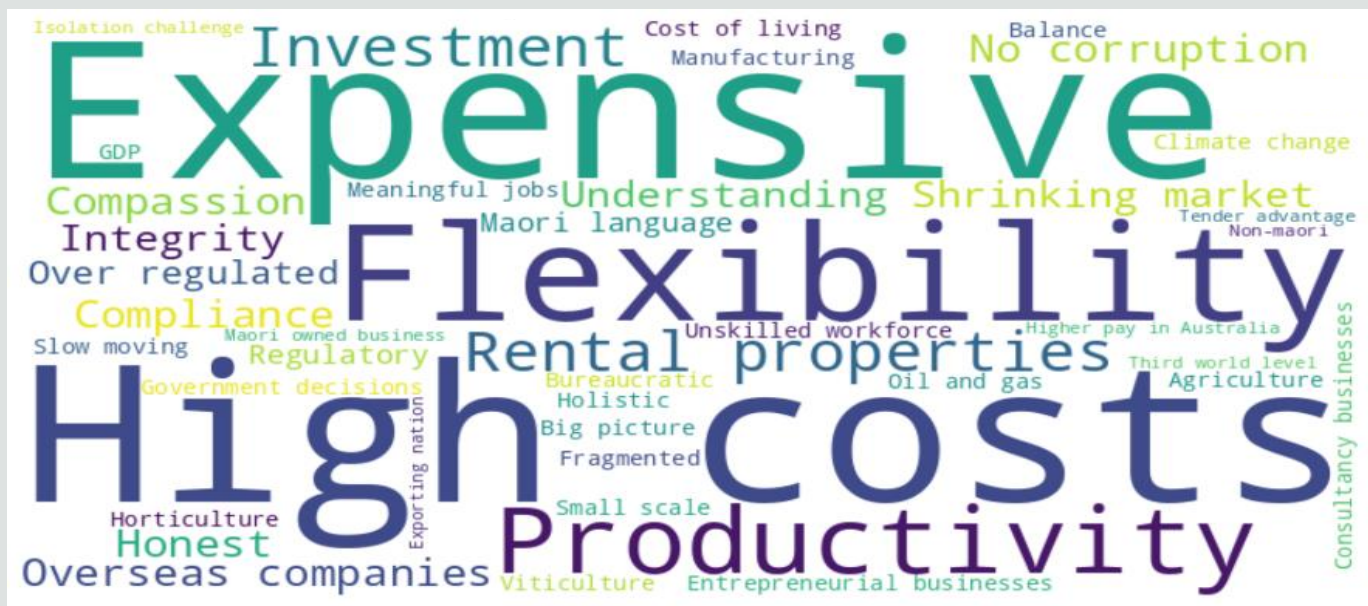
Findings

We asked respondents to rate how much they felt these statements reflected or described New Zealand as a place for business. 1 meaning 'doesn't align with us at all', and 5 meaning 'very much aligns with us'.

Trusted/honest, creative, and care for people came out on top, showing that respondents believe Aotearoa New Zealand is a reliable and ethical place for business.

PERCEPTIONS OF AOTEAROA NEW ZEALAND

Question 13: Are there other words/descriptors that you think succinctly describe Aotearoa New Zealand as a place of business?



PERCEPTIONS OF TARANAKI

Question 14:

What is a positive perception about Taranaki that we could leverage more to take advantage of emerging or future opportunities?



Natural beauty and lifestyle

The maunga, coastline, and countryside, is highly valued in Taranaki. It is perceived as a healthy place to live with a sustainable lifestyle.

Industrial opportunities and future prospects

The oil and gas industry is significant but needs diversification, especially into tech startups and renewable energy. Agriculture, horticulture, and dairy farming are important sectors. There is potential for tourism development, leveraging natural attractions.

The **community** has a sense of togetherness and collaboration, with businesses and organisations

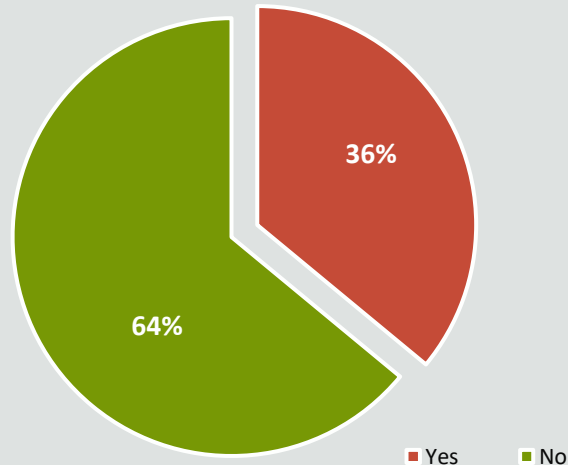
DYNAMICS OF TALENT AND WORKFORCE FLOW



DYNAMICS OF TALENT AND WORKFORCE FLOW

Question 15: Has the recent increase in unemployment/softening of employment conditions nationally affected your business and/or industry?

Impact on business /industry



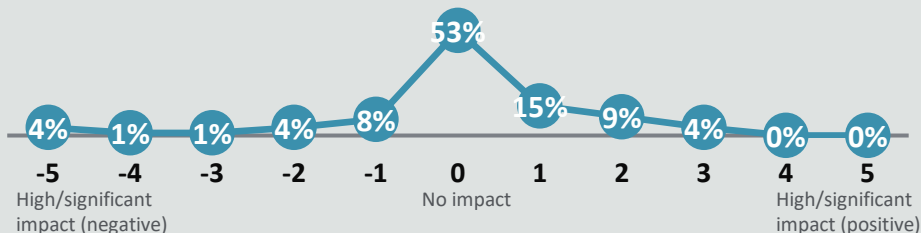
Findings

The national unemployment rate in Q1 2024 was 3.3%, and 64% respondents reported that they had not been affected by the recent rise in unemployment or the softening of national employment conditions.

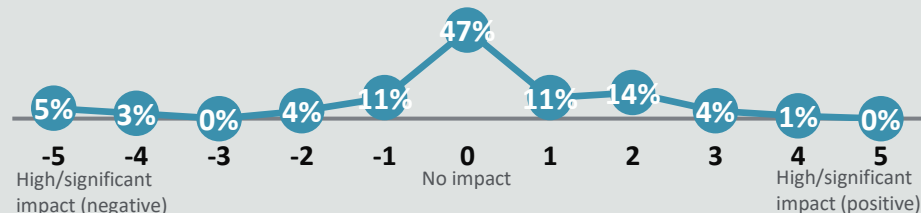
DYNAMICS OF TALENT AND WORKFORCE FLOW

Question 16 - 17: How has the conditions, or how do you anticipate the conditions will impact, the **ATTRACTION** of quality and quantity of job applicants and the **RETENTION** of talent within your business and/or industry?

Impact on **ATTRACTION**



Impact on **RETENTION**



Findings

Business reported a relatively positive outlook toward workforce attraction and retention.

18% of respondents anticipated a negative impact on attracting enough or qualified workforce. While a slightly higher **23%** anticipated a negative impact on workforce retention in the future.

DYNAMICS OF TALENT AND WORKFORCE FLOW

Question 18: What challenges are you facing with the current labour market change in your business or your organisation?

Workforce challenges

- Finding good, reliable, adaptable, and resilient staff with high-level communication skills and empathy is challenging.
- Concerns about the work ethic in young people and a lack of ambitions
- Struggling to keep key staff with reduced workloads and job security concerns.
- Difficulty attracting skilled talent, especially in small towns and competing with higher salaries in Australia.

Economic constraints

- Rising costs (minimum wage increases) affecting small businesses, reduced capacity due to increasing demand of wages combined with budget constraints
- Job security is the most important reason staff stay in the organisation. On top of this the financial decisions of fixed overheads in an uncertain economy requires extra scrutiny.

Industrial sector

- Hospitality Sector: Easier to find skilled workers short-term, but long-term reliance on immigrant labor. Limited staff pool.
- Agriculture: Lack of funding for climate change and methane reduction solutions impacting future work prospects.



Findings

Common themes include struggles to attract skilled talent locally, and competing for talent with bigger cities and Australia.

Wage increases and cost of living is a major challenge, along with attracting skilled talent from out-of-region who usually have high salary expectations and relocation costs.

Emphasis on the need to create new opportunities and jobs for the next generation.

DYNAMICS OF TALENT AND WORKFORCE FLOW

Question 19: How does your organisation adapt to changes in the labour market to ensure that it remains competitive in attracting or retaining top talent?

Upskilling and retaining key staff

Focus on training, multi-skilling, and professional development to support market conditions and retain talent.

Improving processes through technology

Rapid adaptation of technology to improve and implement processes.

Competitive remuneration

Paying above industry average and living wage as a minimum, along with offering non-cash benefits and flexible working arrangements.

Operational flexibility

Minimising administrative burden and maintaining flexibility to adapt to changing market conditions.

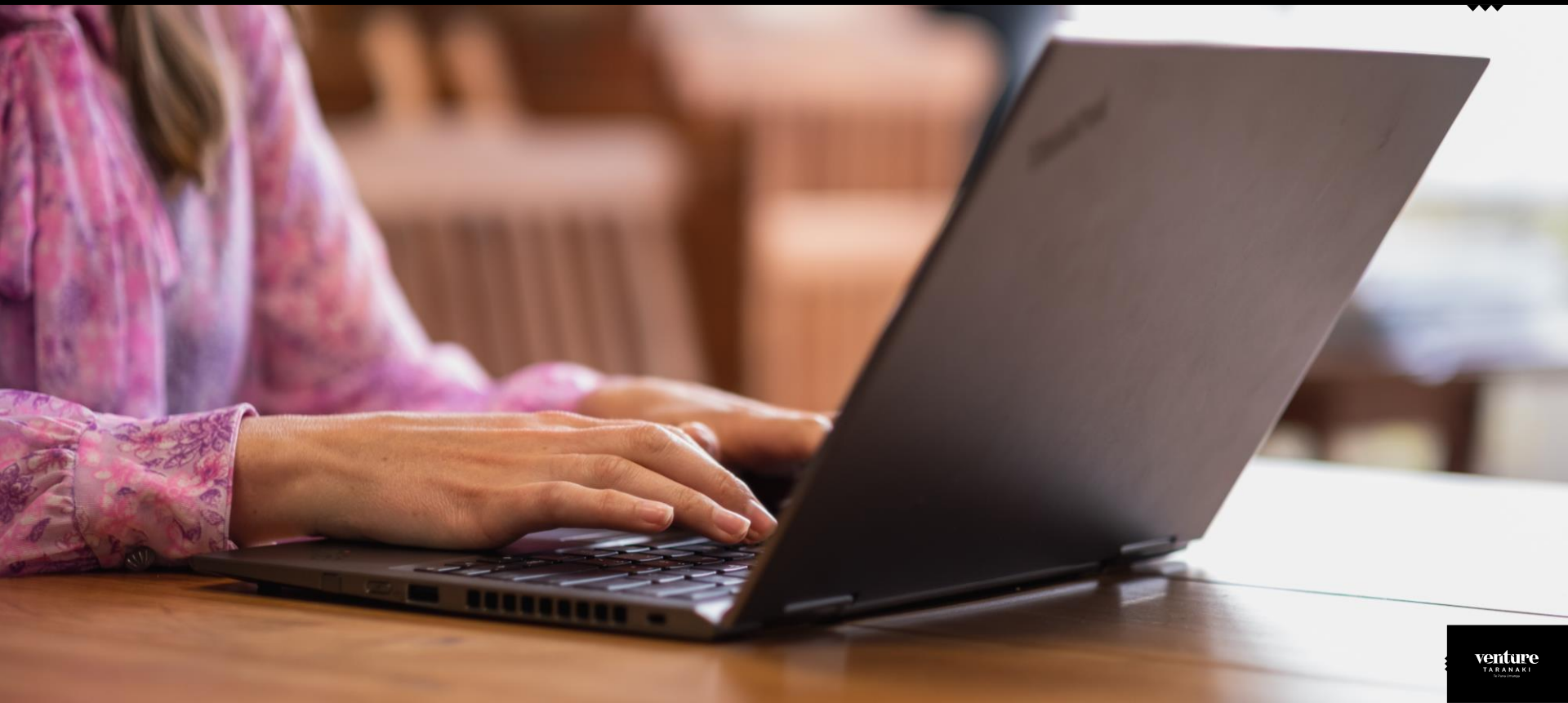
Community support

Leveraging local community support as a competitive advantage.

Staff well-being

Emphasis on staff welfare, mental health, and creating a positive work environment.

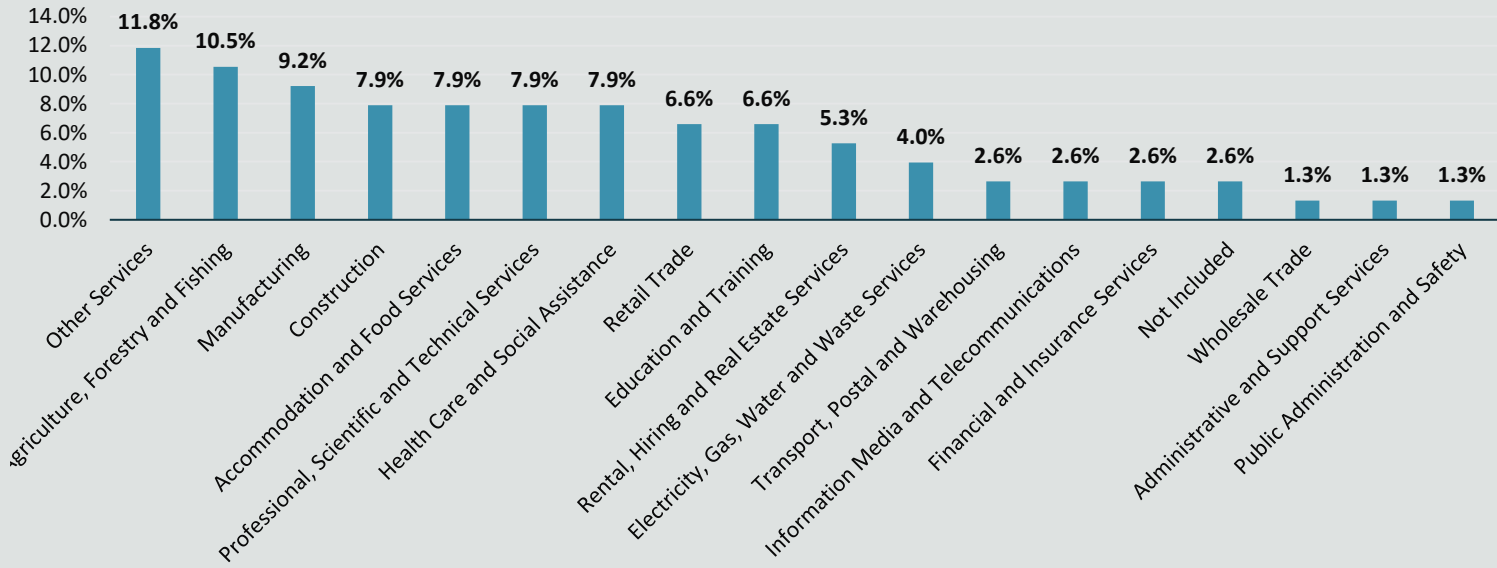
RESPONDENT PROFILE



RESPONDENT PROFILE: INDUSTRY SECTOR

Question 20:

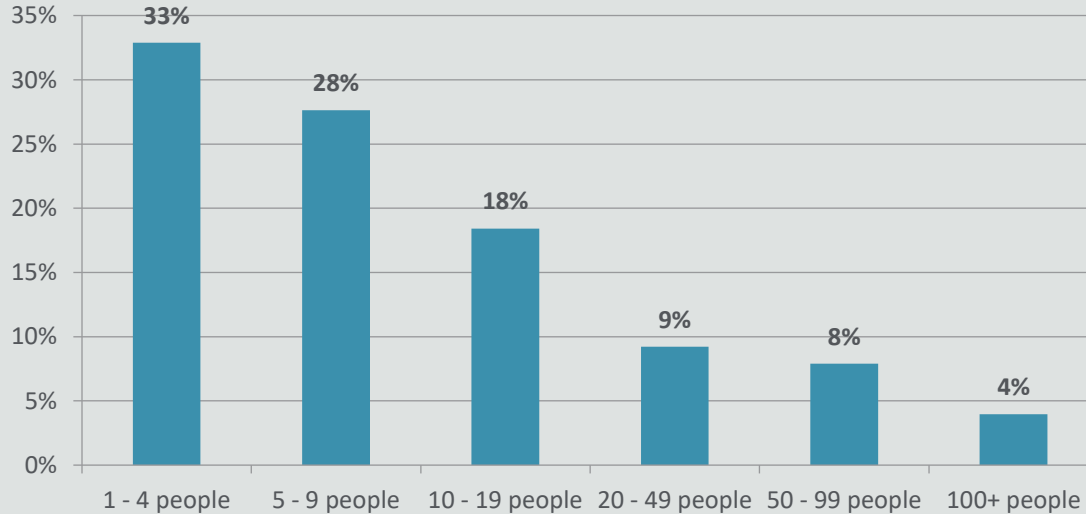
Please indicate which of the following sectors is closest to the main activity of your business:



RESPONDENT PROFILE: BUSINESS SIZE

Question 21:

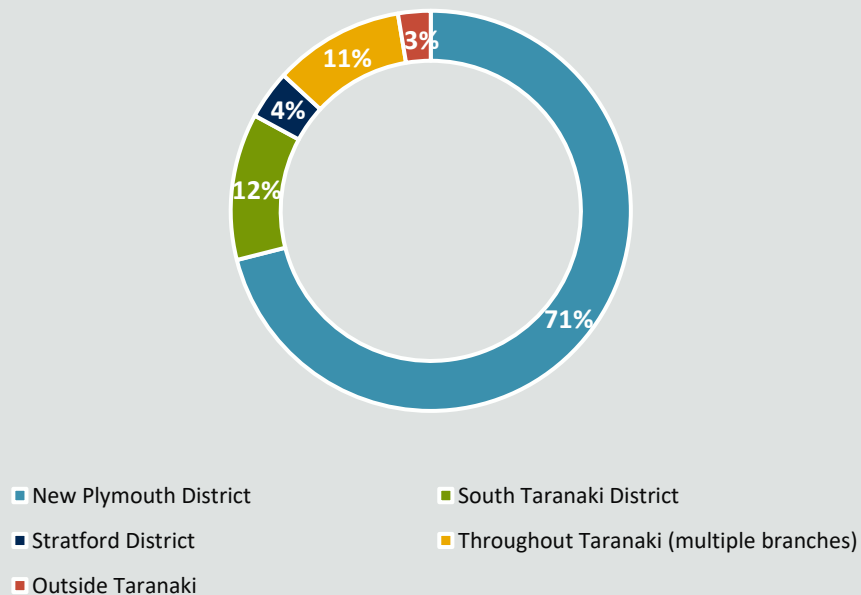
How many people work in your business
(including yourself):



RESPONDENT PROFILE: DISTRICT BREAKDOWN

Question 22:

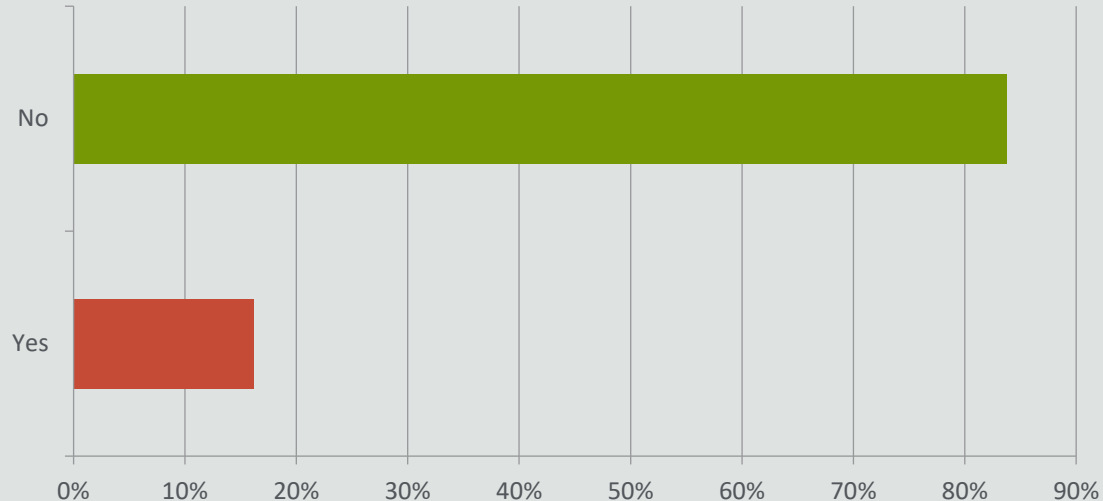
Respondents Locations



RESPONDENT PROFILE: MĀORI BUSINESS

Question 23:

Is your enterprise owned or part-owned
by Māori?



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